



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
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JOHN CHIANG
Member

MICHAEL C. GENEST
Member

September 2006, Franchise Tax Board Litigation Roster

All currently active cases and those recently closed are listed on the roster. Activity or changes with respect to a case appear in bold-face type. Any new cases will appear in bold-face type.

A list of new cases that have been added to the roster for the month is also provided, as well as a list of cases that have been closed and will be dropped from the next report.

The Franchise Tax Board posts the Litigation Roster on its Internet site. The Litigation Roster can be found at: <http://www.ftb.ca.gov/law/litrstr/index.html>.

The Litigation Rosters for the last four years may be found on the Internet site.

FRANCHISE AND INCOME TAX
Closed Cases – September 2006

Case Name

Court Number

Kuhn, David & Elizabeth
The McGraw-Hill Companies, Inc
Staples, Mark A.

Alameda Superior Court Docket No. WG05212795
San Francisco Superior Court No. CGC03424737
Sacramento Superior Court Docket No. 04AS03598

FRANCHISE AND INCOME TAX
New Cases – September 2006

Case Name

Court Number

Pare, David F.
Sunoco, Inc.

San Diego Superior Court Docket No. IC872806
Sacramento Superior Court Docket No. 06AS03797

**FRANCHISE AND INCOME TAX
MONTHLY REFUND LITIGATION ROSTER**

September 2006

CITY NATIONAL CORPORATION v. Franchise Tax Board

Los Angeles Superior Court Docket No. BC334772

Filed – 06/10/05

Court of Appeal, 2nd Appellate District No. B189240

Taxpayer's Counsel

Kenneth R. Chiate, Mary S. Thomas

Quinn, Emanuel, Urquhart, Oliver & Hedges, LLP

FTB's Counsel

Donald R. Currier

Joseph M. O'Heron

Sherrill Johnson

Offices of the General Counsel

City National Bank

- Issues:
1. Whether Plaintiff improperly engaged in tax shelter transaction involving Regulated Investment Trusts (REITs) and Regulated Investment Companies (RICs) during the subject years.
 2. Whether certain subsidiaries were exempt from California taxation as IRC 501(c)(15) entities.
 3. Whether Plaintiff has satisfied the requirement of exhausting all administrative remedies in order to maintain a lawsuit.

Years: 1999 through 2003

Amount \$84,676,129.00

Status: Defendant/Respondent's Brief filed on August 30, 2006. **Case fully briefed on September 20, 2006.**

CITY NATIONAL CORPORATION & Subs. v. Franchise Tax Board

Sacramento Superior Court Docket No. 06AS02275

Filed – 06/06/06

Taxpayer's Counsel

Kenneth R. Chiate

Quinn, Emanuel, Urquhart Oliver & Hedges, LLP

FTB's Counsel

Michael J. Cornez

Sherrill Johnson

Offices of the General Counsel

City National Bank

Issue: Whether Plaintiffs improperly engaged in tax shelter transaction involving Real Estate Investment Trusts (REITs).

Year: 2004

Amount \$23,900,000.00

Status: **Plaintiff's Notice of Motion and Motion for Bifurcation or Severance filed on September 1, 2006. Defendant's Opposition to Plaintiff's Motion for Bifurcation or Severance filed on September 18, 2006.**

COLGATE-PALMOLIVE, CO. & SUBSIDIARIES v. Franchise Tax Board

Sacramento Superior Court Docket No. 03AS00707

Taxpayer's CounselEric J. Coffill, Carley A. Roberts
Morrison & Foerster, LLP

Filed - 02/07/03

FTB's Counsel

Steven J. Green

- Issues:
1. Whether the sales factor was properly calculated by excluding proceeds from short-term financial instruments and value added taxes assessed by foreign countries.
 2. Whether the property factor needs to be adjusted to value property at its appreciated value to fairly reflect its activities in California.

Years: 1974 through 1982, 1984 through 1987, 1989 through 1991 Amount \$2,912,696.00

Status: Order to Stay Proceeding signed by Judge Virga on November 29, 2004, until a decision is reached in the *General Motors v. FTB* case.

CRISA CORPORATION v. Franchise Tax Board

Los Angeles Superior Court Docket No. BC345087

Taxpayer's CounselSteven Toscher, Michel R. Stein
Hochman Salkin, Rettig, Toscher & Perez, P.C.

Filed - 12/23/05

FTB's Counsel

Donald Currier

- Issues:
1. Whether the Plaintiff's California income can be determined upon the basis of a combined report including its foreign parent.
 2. Whether the amount of income allocated and apportioned to California was properly determined.
 3. Whether regulation 25106.5-10 was properly applied to account for inflation experienced by the parent's company.
 4. Whether the denial of the use of alternative allocation and applicant methods under section 25137 was an abuse of discretion.

Years: 1987 through 1989 Amount \$622,800.00

Status: Mandatory Settlement Conference scheduled for February 22, 2007, and Trial scheduled for March 5, 2007. Stipulation and Order re: Continuation of Mediation filed on August 28, 2006.

DELUCCHI, MARIO & KATHLEEN, et al v. Franchise Tax Board

Sacramento Superior Court Docket No. 06AS02661

Taxpayer's CounselHarry Gordon Oliver II
Attorney at Law

Filed -

FTB's Counsel

Michael J. Cornez

- Issues:
1. Whether Plaintiffs properly computed income on an installment sale.
 2. Whether Plaintiffs may be deemed to have elected out of the installment method.
 3. Whether Plaintiffs' gain on the sale of a stock qualified for exemption as Small Business Stock in 1995.

Years: 1995

Amount \$988,900.00

Status: Defendant's Answer to Plaintiffs' Complaint filed on July 24, 2006.

DILTS, WALTER B. JR. AND PHYLLIS A. KAPPELER v. Franchise Tax Board

San Francisco Superior Court Docket No. CGC04436496

Filed - 11/19/04

Taxpayer's Counsel

FTB's Counsel

R. Todd Luoma

Anne Michelle Burr

Law Office of Richard Todd Luoma

Issue: Whether Plaintiffs ceased to be California residents as of December 16, 1994.

Years: 1994 and 1995

Amount \$973,101.00

Status: Notice sent by the Court, Order to Show Cause continued to January 8, 2008.

GENERAL ELECTRIC COMPANY AND SUBSIDIARIES v. Franchise Tax Board

San Francisco Superior Court Docket No. CGC06-449157

Filed - 02/03/06

Taxpayer's Counsel

FTB's Counsel

Amy L. Silvertin

David Lew

Silverstein & Pomerantz, LLP

Jeffrey M. Vesely

Pillsbury, Winthrop, Shaw, Pittman, LLP

Issues: 1. Whether the penalty imposed by section 19777.5(a) on amounts due and payable on March 31, 2005, for years beginning before January 31, 2003, violates the Due Process Clause of the United States Constitution.
2. What is the meaning of "due and payable" for purposes of section 19777.5(a) of the Revenue and Taxation Code?

Years: (None)

Amount \$0.00

Status: **Defendant's Notice of Entry of Judgment filed on September 5, 2006. Plaintiff's Notice of Appeal and Request for Transcript filed on September 15, 2006.**

GENERAL MILLS, INC. & SUBSIDIARIES v. Franchise Tax Board

San Francisco Superior Court Docket No. CGC05-439929

Filed - 03/29/05

Taxpayer's Counsel

FTB's Counsel

Thomas H. Steele

Marguerite Stricklin

Andres Vallejo, Jeffrey S. Terraciano

Morrison & Foerster LLP

Issues: 1. Whether the Plaintiffs' payroll factor was properly computed by excluding foreign employee stock options.
2. Whether the Plaintiffs' sales factor was properly calculated by excluding receipts from commodities transactions and short-term financial instruments.

3. Whether federal RAR adjustments were properly taken into account.

Years: 1992 through 1997

Amount \$3,550,367.00

Status: Minute Order, Case Management Conference held on June 21, 2006, and continued to October 25, 2006, Trial scheduled for February 20, 2007.

GENERAL MOTORS CORPORATION, et al. v. Franchise Tax Board

Los Angeles Superior Court Docket No. BC269404
Court of Appeal, 2nd Appellate District No. B165665
California Supreme Court No. S127086

Filed - 03/06/02

Taxpayer's Counsel

Charles R. Ajalat
Law Office of Ajalat, Polley & Ayoob

FTB's Counsel

Stephen Lew
Donald Currier
Joseph O'Heron

Issues:

1. Whether gross receipts from the disposition of marketable securities were properly excluded from the sales factor.
2. Whether interest income was properly characterized as business income.
3. Whether dividends received with respect to stock representing less than a 50% voting interest were properly classified as business income.
4. Whether the limitation on deductions prescribed by sections 24402 and 24410 resulted in unconstitutional discriminatory taxation.
5. Whether various receipts from intangible assets were properly excluded from the sales factor.
6. Whether research tax credits were properly limited to the entity incurring the expense.
7. Whether a deduction was properly denied with respect to foreign country taxes withheld on dividends.
8. Whether the taxpayer is entitled to an increased deduction with respect to depreciation on assets held by foreign country subsidiaries.
9. Whether the taxes determined to be owing by the Franchise Tax Board were properly computed and assessed.

Years: 1986 through 1988

Amount \$10,692,755.00

Status: **Defendant/Appellant's Petition for Rehearing filed on September 1, 2006. Plaintiffs/Appellants' Answer to Petition for Rehearing filed on September 11, 2006.**

GOLDEN WEST HEALTH PLAN, INC. v. Franchise Tax Board

Los Angeles Superior Court Docket No. BC

Filed – 06/15/06

Taxpayer's Counsel

Alan R. Maler
Greenberg Traurig, LLP

FTB's Counsel

Marla Markman

Issue: Whether Plaintiff made a valid S Corporation election for California purposes.

Year: 04/01/03 through 06/01/03

Amount \$669,045.00

Status: **Case Management Conference held on September 21, 2006.**

GONZALES, THOMAS J. II v. Franchise Tax Board

San Francisco Superior Court Docket No. CGC06454297

Taxpayer's Counsel

Martin A. Schainbaum, Esq.

Martin A. Schainbaum, PLC

Filed – 07/18/06

FTB's Counsel

Paul D. Gifford

Joyce E. Hee

Issues: 1. Whether the loss claimed with respect to a Son of Boss transaction was allowable.
2. Whether a taxpayer self-reporting under VCI is eligible for interest suspension pursuant to section 19116.
3. Whether the taxpayer is entitled to deduct legal expenses paid in connection with an investment.

Years: 2000 and 2001 Amount \$12,374,510.00

Status: Case Management Conference scheduled for December 15, 2006. **Defendant's Answer to Complaint filed on September 14, 2006.**

HAMEETMAN, FRED AND JOYCE v. Franchise Tax Board

Los Angeles Superior Court Docket No. BC 305968

Court of Appeal, 2nd Appellate District No. B187278Taxpayer's Counsel

Eric L. Troff, Esq.

Gibbs, Giden, Locher & Turner, LLP

Filed - 11/12/03

FTB's Counsel

Donald Currier

Issue: Whether Plaintiffs were entitled to a business bad debt reduction.

Years: 1990 and 1993 Amount \$65,738.00

Status: **Plaintiffs/Appellants' Reply Brief filed on September 14, 2006.**

HILTON, ERIC & BITTEN v. Franchise Tax Board

Los Angeles Superior Court Docket No. BC354308

Taxpayer's Counsel

Richard K. Semeta

A Professional Law Corporation

Filed – 06/21/06

FTB's Counsel

Anthony Sgherzi

Issue: Whether a portion of the gain realized on the exercise of stock options by a non-resident was California source income.

Year 1997 Amount \$27,346.98

Status: Case Management Conference scheduled for October 30, 2006. **Defendant's Answer to the Complaint filed on September 20, 2006.**

HYATT, GILBERT P. v. Franchise Tax Board

Clark County Nevada District Court No. A382999

Nevada Supreme Court No. 47141

Taxpayer's Counsel

Thomas L. Steffen & Mark A. Hutchison

Hutchison & Steffen, H. Bartow Farr III

Filed - 01/06/98

FTB's Counsel

James W. Bradshaw

McDonald, Carano,

Wilson LLP

Las Vegas, Nevada

- Issues: 1. Whether Plaintiff was a resident of California from September 26, 1991 through April 2, 1992.
2. Whether the Franchise Tax Board committed various torts with respect to plaintiff and is subject to a claim for damages.
3. Whether the Nevada courts have or should exercise jurisdiction over the Franchise Tax Board.

Years: 1991 and 1992Amount \$7,545,492.00 Tax
\$5,659,119.00 PenaltyStatus: Nevada Supreme Court

The case is pending before the Nevada Supreme Court on a writ action by Gilbert P. Hyatt.

THE LIMITED STORES, INC. AND AFFILIATES v. Franchise Tax Board

Alameda Superior Court Docket No. 837723-0

Court of Appeal, 1st Appellate District Court No. A102915

California Supreme Court No. S136922

Taxpayer's Counsel

Edwin P. Antolin

Morrison & Foerster, LLP

Filed - 04/09/01

FTB's Counsel

Joyce Hee

- Issues: 1. Whether gross receipts from the sale of short-term financial instruments should be included in the sales factor.
2. Whether gain realized on the sale of a partial interest in a limited partnership formed from three subsidiaries constitutes business income.

Years: 1993 and 1994Amount \$2,185,718.00

Status: Petition for Review granted on October 26, 2005. Further action in this matter is deferred pending consideration and disposition of a related issued in General Motors and Microsoft or pending further order of the court.

LUCAS, LADONNA v. Franchise Tax Board

Los Angeles Superior Court Docket No. BS102039

Taxpayer's Counsel

LaDonna Lucas, In Pro Per

Filed – 03/08/06

FTB's Counsel

Felix Leatherwood

- Issues: 1. Whether the Superior Court has jurisdiction to consider the action filed by the Plaintiff.
2. Whether Appellant qualifies as a head of household for the year 2002 and 2003.

Years: 2002 and 2003Amount Unknown

Status: Hearing on Defendant's Demurrer held and continued to October 19, 2006. **Demurrer and Objection to Defendant's Demurrer to Petition for Writ of Mandate filed by Plaintiff on September 6, 2006.**

MARKEN, DONALD W. & CLAUDINE H. v. Franchise Tax Board

San Francisco Superior Court Docket No. 302520

Filed - 04/05/99

Court of Appeal, 1st Appellate Dist. No. A091644

California Supreme Court No. S 104529

Court of Appeal, 1st Appellate Dis. No. A109715

Court of Appeal, 1st Appellate District No. A110668 (Attorneys' Fees)

Taxpayer's Counsel

William E. Taggart, Jr.

Taggart & Hawkins

FTB's Counsel

Marguerite Stricklin

Issue: Whether Plaintiffs were residents of California in 1993.

Year: 1993

Amount \$244,012.00

Status: Oral Argument Waiver Notice sent on July 3, 2006. Plaintiffs/Appellants' Request for Oral Argument filed under A109715 on July 13, 2006.

MICROSOFT CORPORATION v. Franchise Tax Board

San Francisco Superior Court Docket No. 400444

Filed - 10/19/01

Court of Appeal, 1st Appellate Dist. Div. 3 No. A105312

California Supreme Court No. S133343

Taxpayer's Counsel

James P. Kleier, Esq.

Reed Smith LLP

FTB's Counsel

Julian O. Standen

Joseph Patton Powers

Baker & McKenzie

Issues: 1. Whether the denominator of the receipts factor was properly calculated by excluding receipts from marketable securities.
2. Whether the limitation on the deduction of dividends provided for in Section 24402 discriminates.
3. Whether adjustments made to increase the income of controlled foreign corporations included in the combined report were proper.

Year: 1991

Amount \$1,879,809.00

Status: **Defendant/Appellant FTB's Petition for Rehearing filed on September 1, 2006. California Supreme Court's Extended Time on September 7, 2006, to Consider Modification or Rehearing to November 15, 2006. Plaintiff/Respondent Microsoft's Answer to Petition for Rehearing filed on September 14, 2006. Plaintiff/Respondent Microsoft's Application for Relief from Default filed on September 15, 2006.**

MONTGOMERY WARD LLC v. Franchise Tax Board v. Franchise Tax Board

San Diego Superior Court Docket No. GIC802767

Filed - 12/30/02

Taxpayer's CounselFTB's Counsel

Antolin, Pilar M. Sansone, Amy Silverstein
Silverstein & Pomerantz, LLP

Domini Pham

- Issues: 1. Whether proceeds from the sale, maturity or other disposition of short-term financial instruments were properly excluded from the sales factor.
2. Whether section 24402 Rev. & Tax. Code is constitutional.

Years: 1989 through 1994Amount \$2,694,192.00Status: **Status Conference held on September 15, 2006.****NEW GAMING SYSTEMS, INC. & AKA INDUSTRIES, INC. v. Franchise Tax Board**

Sacramento Superior Court Docket No. 03AS05705

Filed - 10/10/03

Taxpayer's CounselFTB's Counsel

Spencer T. Malysiak
Spencer T. Malysiak Law Corp.

Michael Cornez

- Issues: 1. Whether New Gaming Systems, Inc., timely filed its suit for refund for the income year ended March 31, 1996.
2. Whether a declaratory relief action can be brought to prevent the collection of tax.
3. Whether a suit for refund can be maintained for a year in which the amount of tax has not been paid in full.
4. Whether Plaintiffs are liable for California taxes on income generated from leases for operating Indian casinos.

Years: 1996 and 1997Amount \$111,587.87Status: **Trial Setting Conference has been continued to March 19, 2007.****NEWS AMERICA INCORPORATED (FOX, INC.) v. Franchise Tax Board**

Los Angeles Superior Court Docket No. BC350576

Filed – 04/12/06

Taxpayer's CounselFTB's Counsel

Neil R. O'Hanlon
Hogan & Hartson, LLP

Felix E. Leatherwood

- Issues: 1. Whether the Franchise Tax Board properly classified gain realized on the sale of an interest in a partnership as nonbusiness income.
2. If the gain on the sale of the interest in a partnership was nonbusiness income, whether it should be allocated to New York.
3. Whether the assignment to California of the gain realized on the sale of the partnership fairly reflects the activities of the taxpayer in this state.

Year: 1989Amount \$1,726,405.00

Status: **Case Management Conference held on September 11, 2006. Defendant's Declaration for Additional Discovery filed on September 12, 2006.**

NORTHWEST ENERGETIC SERVICES, LLC v. Franchise Tax Board

San Francisco Superior Court Docket No. CGC05-437721

Filed – 01/15/05

Court of Appeal 1st Appellate Court Dist. No. A114805

Taxpayer's Counsel

Amy L. Silverstein, Edwin Antolin
Silverstein & Pomerantz

FTB's Counsel

Marguerite Stricklin

Issue: Whether Revenue and Taxation Code section 17942, which imposes a tax upon the "total income from all sources reportable to this state" of LLC registered with the Secretary of State, violates the Due Process Clause and Commerce Clauses.

Years: 12/31/97 through 12/31/01

Amount \$25,067.00 Tax
\$ 3,764.29 Penalty

Status: **Defendant FTB's Notice of Appeal filed on September 13, 2006.**

ORDLOCK, BAYARD M. & LOIS S. v. Franchise Tax Board

Los Angeles Superior Court Case No. BC278386 Filed - 07/25/02

Court of Appeal, 2nd Appellate Dist. No. B169465

California Supreme Court No. S127649

Taxpayer's Counsel

Clayton Vreeland
Bingham McCutchen LLP

FTB's Counsel

Amy J. Winn

Issue: Whether the tax involved was timely assessed.

Year: 1983

Amount \$12,350.00

Status: Plaintiffs/Appellants' Petition for Rehearing denied and Remittitur issued on August 16, 2006.

PARÉ, David F. v. Franchise Tax Board

San Diego Superior Court Docket No. IC872806

Filed – 09/21/06

Taxpayer's Counsel

David F. Paré, In Pro Per

FTB's Counsel

Leslie Branman Smith

Issues: 1. Whether the child of an individual who lives with the plaintiff qualifies the individual for head-of-household filing status.
2. Whether the plaintiff has satisfied the requirements for bringing a suit for refund.

Year: 2000 through 2003

Amount \$5,185.00

Status: Plaintiff's Summons and Complaint served on the Franchise Tax Board on September 21, 2006.

PLAYMATES TOYS, INC. v. Franchise Tax Board

Los Angeles Superior Court Docket No. BC344785

Taxpayer's Counsel

Craig J. Stein

Gelfand, Stein & Wasson, LLP

Filed – 12/19/05

FTB's Counsel

Joseph M. O'Heron

Issue: Whether Defendant Franchise Tax Board properly computed the numerator of the taxpayer's California sales factor by assigning sales made from Hong Kong to California.

Years: 1988 through 1990

Amount \$1,582,288.00

Status: **Court Order filed on September 15, 2006, Demurrer is overruled, Motion to Strike is denied. Plaintiff and Defendant's Joint Notice of Motion and Motion to Continue Trial to January 8, 2007 filed.**

SHAFRAN, ALLEN J. & TOBY v. Franchise Tax Board

Los Angeles Superior Court Docket No. BC 316070

Court of Appeal, 2nd Appellate Dist. No.B186947

Taxpayer's Counsel

W. Patrick O'Keefe, Jr.

W. Patrick O'Keefe, Jr. Incorporated

Filed – 05/25/04

FTB's Counsel

Anthony F. Sgherzi

Issue: Whether the denial of a deduction for depreciation based upon a federal adjustment was proper.

Year: 1992

Amount \$45,415.00 Tax

Status: Plaintiffs' Petition for Rehearing filed on August 11, 2006. Petition for Rehearing denied on August 24, 2006.

SQUARE D COMPANY v. Franchise Tax Board

San Francisco Superior Court Docket No. CGC05442465

Taxpayer's Counsel

Allan L. Schare, Kimberly M. Reeder

McDermott Will & Emery LLP

Palo Alto, Ca.

Richard A. Hanson

McDermott Will & Emery LLP

Chicago, IL

Filed – 06/21/05

FTB's Counsel

Paul Gifford

Issues:

1. Whether Palatine Hills Leasing, which invested in leverage lease transactions, was part of the unitary business conducted by Square D Company.
2. Whether the income of Palatine Hills Leasing constituted business income of the unitary business conducted by Square D Company.
3. How the proceeds from the short-term investment of funds should be reflected in the sales factor of the apportionment formula.

Years: 1985 through 1990

Amount \$5,635,087.40

Status: **Order Granting Joint Motion for Continuance of Trial Date to December 4, 2006, filed on September 7, 2006.**

SUNOCO, INC. v. Franchise Tax Board

Sacramento Superior Court Docket No. 06AS03797

Taxpayer's Counsel

Eric J. Coffill

Morrison & Foerster, LLP

Filed – 09/07/06

FTB's Counsel

Jeffrey A. Rich

Issues: 1. Whether gain realized on sale of stock was properly characterized as business income.
2. Whether sales were properly assigned to the California numerator of the sales factor.

Years: 1986 through 1990

Amount \$1,451,460.00

Status: **Plaintiff's Summons and Complaint served on the Franchise Tax Board on September 8, 2006.**

TOY'S "R" US, INC. & AFFILIATES v. Franchise Tax Board

Sacramento Superior Court Docket No. 01AS04316

Court of Appeal, 4th Appellate Court No. C045386

California Supreme Court No. S143422

Taxpayer's Counsel

Eric J. Coffill

Carley A. Roberts

Morrison & Foerster, LLP

Filed - 07/17/01

FTB's Counsel

Michael J. Cornez

Issue: Whether gross receipts from the sale of short-term financial investment were properly excluded from the documentation of the sales factor.

Years: 1991 through 1994

Amount \$5,342,122.00

Status: Defendant/Respondent FTB's Certification of Interested Entities or Persons filed on August 4, 2006.
Plaintiff/Appellant Toys "R" Us Certification of Interested Entities or Persons filed on August 10, 2006.

UNION BANK OF CALIFORNIA v. Franchise Tax Board

San Francisco Superior Court Docket No. CGC 05441957

Taxpayer's Counsel

James P. Kleier, Brian Toman, John R. Messenger

Reed Smith, LLP

Filed – 06/06/05

FTB's Counsel

Anne Michelle Burr

Issues: 1. Whether additions to the bad debt reserves of the taxpayer's unitary business were properly calculated.
2. Whether there were losses arising from the exchange of loans for bonds that are deductible as ordinary losses.
3. Whether the water's-edge election fee assessed violated the Commerce Clause of the United State Constitution.

Year: 1991 Amount \$15,953,167.00

Status: Mandatory Settlement Conference rescheduled to October 26, 2006. Trial scheduled for November 13, 2006. Discovery proceeding.

VENTAS FINANCE I, LLC v. Franchise Tax Board

San Francisco Superior Court Docket No. 05-440001

Taxpayer's Counsel

Amy L. Silverstein, Edwin Antolin
Silverstein & Pomerantz, LLP

Filed – 04/01/05

FTB's Counsel

Marguerite Stricklin

Issue: Whether Revenue and Taxation Code section 17942, which imposes a tax based upon the "total income from all sources reportable to this state" of LLC registered with the Secretary of State, violates the Due Process Clause and Commerce Clause.

Years: 2001 through 2003 Amount \$29,580.00

Status: Trial held August 14, 2006, case taken under submission by the Court.